

Message Text

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ORIGIN AF-07

INFO OCT-01 ISO-00 AID-05 EB-04 OPIC-03 COME-00 IGA-01

SP-02 L-02 CIAE-00 INR-05 NSAE-00 RSC-01 CIEP-01

OMB-01 TRSE-00 STR-01 SS-15 NSC-05 SSO-00 NSCE-00

USIE-00 INRE-00 /054 R

DRAFTED BY AF/E:HHJANIN:NB

APPROVED BY AF: JJBLAKE

AID/W: OCYLKE

EB: MR. BRODERICK

OPIC: DGRE;G

AF/E:WBCOOTE

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FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA NIACT IMMEDIATE

AMEMBASSY NAIROBI

C O N F I D E N T I A L STATE 231372

ZFF LUSAKA ONLY

E.O. 11652: GDS

TAGS: EFIN, ZA

SUBJECT: TAW

NAIROBI FOR REDSO

REF: LUSAKA 2142, 2150

1. RE USE OF AID LOAN FOR GM TRUCKS, LEGAL AND POLICY
IMPLICATIONS CONTINUE TO BE WEIGHED AT HIGH LEVELS DEPT
AND AID. HOWEVER, ADDITIONAL ASPECTS OF PROBLEM HAVE
RECENTLY SURFACED AND MUST BE RESOLVED AS PART OF OVERALL
DECISION. IF GRZ PRESSES YOU ON ISSUE, SUGGEST YOU
MERELY CONFIRM MATTER STILL UNDER REVIEW IN
WASHINGTON AND THAT NO DECISION TAKEN AS OF THIS DATE.

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2. REQUEST EMBASSY CONTINUE TO IMPRESS ON GRZ THE IMPORTANCE WE ATTACH TO PROGRESS TOWARD A MUTUALLY AGREEABLE SETTLEMENT IN THE NEAR FUTURE. TERMS OF SETTLEMENT, OF COURSE, ARE UP TO TWO PARTIES DIRECTLY CONCERNED. DEPT. POSITION REMAINS SAME AS CONVEYED TO WOOD BY EASUM (STATE 222925) SHORTLY BEFORE WOOD TOOK OFF FOR LUSAKA. ON THAT OCCASION HE TOLD WOOD THAT WE WOULD CONTINUE HOLD OFF APPROVAL OF USE OF AID LOAN TO PURCHASE TRUCKS, BUT TIME WAS GETTING SHORT AND TAW SHOULD NOT EXPECT US HOLD OFF INDEFINITELY ON LOAN UTILIZATION. HE HOPED THEREFORE THAT TAW WOULD MAKE GOOD PROGRESS IN TALKS WITH GRZ.

3. OPIC AND OTHER TAW CREDITORS CONTACTED BY OPIC REACT UNFAVORABLY TO TAW PROPOSAL FOR REINSTATEMENT OF CONTRACT WITH GRZ AND BELIEVE COMPANY SHOULD REVIEW PROPOSITION WITH CREDITORS BEFORE PROCEEDING FURTHER ALONG THESE LINES. REQUEST EMBASSY COMMUNICATE THIS TO WOOD. FYI, OPIC AND OTHER CREDITORS FAVOR TAW/GRZ SETTLEMENT RATHER THAN LENGTHY FORMAL ARBITRATION PROCEEDINGS.

4. TAW'S NEW YORK OFFICE HAS NO INFORMATION ON PROGRESS OF TAW/GRZ TALKS. THUS REPORTING FROM EMBASSY ON TALKS IS SOLE SOURCE OF INFORMATION FOR WASHINGTON AGENCIES INVOLVED IN ISSUE. YOUR PROMPT AND DETAILED ACCOUNTS OF NEW DEVELOPMENTS IN TALKS WILL BE MOST APPRECIATED.

5. YOUR 2176 JUST RECEIVED. DEPT PERCEIVES NO OBJECTION TO YOUR FACILITATING CONTACT BETWEEN GRZ AND WOOD FOR PURPOSE MUTUALLY AGREEABLE SETTLEMENT. WISH EMPHASIZE, HOWEVER, THAT TERMS OF SETTLEMENT ARE FOR PARTIES ALONE TO WORK OUT AND THAT EMBASSY SHOULD NOT RPT NOT APPEAR AS PARTISAN EITHER TO GRZ OR TAW. EMBASSY SHOULD ADHERE STRICTLY TO POSITION RE LOAN UTILIZATION DISCUSSED ABOVE, WHICH IS DESIGNED PRESERVE THIS IMPARTIALITY WHILE BEARING IN MIND LEGITIMATE US BUSINESS INTEREST AND OUR LONGER-TERM INTEREST IN COOPERATIVE RELATIONS WITH GRZ. INGERSOLL

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